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OUR NEGLECTED SHIPPING.

BY ALEX. R. SMITH, SECRETARY OF THE AMERICAN MERCHANT
MARINE ASSOCIATION.

SINCE the dawn of civilization maritime enterprise has proclaimed national vigor. History's earliest records deal with commerce and navigation. In the misty ages of Egyptian antiquity, trade and shipping created power and wealth. The Phoenicians live in history only because of their great commerce and their daring ventures afloat. Carthage was the objective of Roman prowess, because her trade, her shipping, and her riches humiliated the pride and whetted the covetousness of Roman warriors. The history of the dark ages finds its only records in the operations of Venetian commerce and the Hanseatic League. Spain's greatness departed with her shipping, and the Dutch reached the zenith of their power and wealth when their shipping was supreme. Sir Walter Raleigh said early in the seventeenth century that "whoever controls the world's shipping controls the world's commerce, and therefore the world itself." The iron hand of Cromwell outlined the course which England pursued to grasp the world's control, and the genius of Colbert could not induce the luxury-loving French to battle long with the British for the sovereignty of the seas.

The stern patriots and wise statesmen who achieved American independence and established the Republic well knew the power wielded by a great shipping, and how essential maritime independence was to national freedom and safety. With earnest purpose and almost unanimous accord the adoption of the Constitution was followed by legislative enactments protective and promotive of American shipbuilding and American shipowning. The weakness and poverty of the young nation were superseded by the power and wealth created by the policy adopted by our

forefathers, and immediately the United States took a position among the great nations of the earth. Our industries were diversified, our population was increased, our debts were paid, our commerce increased, and our shipping became enormous and famous. In the first volume of his *Twenty Years of Congress*, James G. Blaine says :

"The principle of protecting the manufactures and encouraging the navigation of America had been distinctly proclaimed in the first law of the new government, and was thus made in a suggestive and emphatic sense the very corner-stone of the republican edifice which the patriots of the Revolution were aiming to construct."

Successful afloat to a marvellous degree for more than a generation, the statesmen of the second epoch of our history failed to appreciate the causes that had made our ships the finest afloat, the envy of the world, and the successful rivals of sovereign Britain. In May, 1827, the *London Times* declared:

"The shipping interest, the cradle of our navy, is half ruined. Our commercial monopoly no longer exists; we have closed the West Indies against America from feelings of commercial rivalry. Its active seamen have already engrossed an important branch of our carrying to the East Indies. Her starred flag is now conspicuous on every sea and will soon defy our thunder."

At that time American ships had been protected in the carrying of the foreign commerce of the United States for a period of thirty-eight years. Duties on imports in foreign ships were higher than the duties on imports in American ships. During nearly the whole period the policy was in force, 90 per cent. of our commerce was carried in our ships. And yet, in the face of a success which had no parallel in history, when we possessed a shipping which had reflected honor and glory upon our flag and our seamen during the war of 1812, and which shipping was adequate for all the needs of our commerce, when our merchants were invading and occupying foreign markets, when our ships had become the standard of excellence and models for our foreign rivals, the protective legislation which had stimulated their growth and so long maintained them, was ruthlessly repealed, and free trade in the carriage of our foreign commerce inaugurated, and has lasted uninterruptedly until the present day.

When, in 1828, the discriminating duties act was abandoned, 91 per cent. of our foreign commerce was carried in American ships. At the beginning of the Civil War, thirty-three years

later, but 66 per cent. of our commerce was carried in our own ships. At the close of that war only 28 per cent. of that commerce was carried in American ships, and to-day a beggarly 11 per cent. is the sum total of American carriage.

For thirty-nine years under protection, American ships in the foreign trade steadily carried the great bulk of our foreign commerce. During sixty-eight years of free trade in the carrying of our imports and exports, the percentage carried in American ships has steadily declined. Under varying conditions, the tests of each policy have been ample and complete. The result is an emphatic vindication of protection by discriminating duties, and an equal and emphatic condemnation of free trade in the carrying of our commerce. In the October, 1894, number of the NORTH AMERICAN REVIEW, J. Henniker Heaton, an eminent member of the British Parliament, discussing "The Transatlantic Mails," took the occasion to say :

"As a consequence of refusing \$5,000,000 a year in subsidies during thirty years to native shipowners, or \$150,000,000, the United States had to pay in the same period no less than \$3 000,000,000 for freights, while their merchant marine dwindled into insignificance."

On the same subject, in his exhaustive work *American Marine*, published in 1892, ex-U. S. Commissioner of Navigation W. W. Bates says :

"An amount of money not less than \$4,500,000,000, or an average of \$150,000,000 annually, for thirty years past, has been paid out to foreign ships for ocean transportation."

And, in 1890, James G. Blaine, replying to William E. Gladstone, in the NORTH AMERICAN REVIEW, made these incisive statements :

"It will not escape Mr. Gladstone's keen observation that British interests in navigation flourish with less rivalry and have increased in greater proportion than any other of the great interests of the United Kingdom. I ask his candid admission that it is the one interest which England has protected steadily and determinedly, regardless of consistency and regardless of expense. Nor will Mr. Gladstone fail to note that navigation is the weakest of the great interests in the United States, because it is the one which the national government has constantly refused to protect."

It is frequently asserted by the free-trade press and free-trade writers of this country that the act of 1792, which prohibits American registry of foreign-built ships, is the cause of our maritime decadence. Previous to its enactment, however, and as a result of the discriminating duties act adopted three years before,

American shipping in the foreign trade had increased from 123,893 to 411,438 tons, and the proportion of our commerce carried in our ships had increased from 23 to 64 per cent. Thereafter, under the prohibitive registry act, American ships carried an average of 90 per cent. of our commerce until the discriminating duties act was repealed. Under that act, but not because of it, American shipping has reached its highest degree of prosperity and fallen to its lowest stage of impoverishment.

In the NORTH AMERICAN REVIEW for April, 1894, Charles H. Cramp, the Nestor of American shipbuilding, said :

“ The object of the revolutionary fathers in enacting the prohibitive navigation laws of 1792 was to provide for the development and perpetuity of shipbuilding in the United States as an indispensable condition of commercial independence and an unfailing nursery of naval strength. At that time there was no need of protection to American shipbuilding in the tariff sense of the term.”

In order to show the difference in the cost of building American and foreign ships, at the time the prohibitive act of 1792 was adopted, Mr. Cramp, in the same number of the NORTH AMERICAN REVIEW, quotes from the *Pennsylvania Packet*, in its issue of May 7, 1790, as follows :

“ Shipbuilding is an art for which the United States are peculiarly qualified by their skill in the construction and by the materials with which the country abounds. . . .

“ They build oak vessels on lower terms than the cheapest European vessels of fir, pine, and larch. The cost of a white oak ship in New England is about 24 Mexican dollars per ton fitted for sea ; a fir vessel costs in the ports of the Baltic 35 Mexican dollars per ton, though the American ship is much safer and more durable. The maximum cost of a vessel of the highest class, of American live oak and cedar, which, with salted timbers, will last 30 years without repairs, is only 36 to 38 dollars per ton in our different ports, while an oak ship, fitted in a similar manner, in the cheapest ports of England, Holland, or France, will cost 55 to 60 per ton.”

It should be clear, from this, that American shipbuilding needed no protection at that time at the hands of the government. How necessary the protection of ship-owning was, however, is apparent in the fact that before the protective discriminating duties act was adopted but 23 per cent. of our foreign commerce was carried in our much cheaper, “safer and more durable” ships, that thereafter 90 per cent. of our commerce was carried in our ships until the protection was withdrawn, from which time our ships have constantly lost in the proportion of carriage of our foreign commerce. History thus records the fact that cheaper

ships did not enable American shipowners to compete with dearer foreign ships, without protection. How, then, now, if permitted to buy our ships at the slightly lower cost possible in foreign shipyards, would we be able to compete with our foreign rivals who enjoy the same means for purchasing the cheap ships? We would require now, as we did a hundred years ago, sufficient protection for our shipowners to enable them to pay the higher wages and provide the better food demanded by American seamen. That there is no doubt that it is more costly to run American than foreign ships there is ample free-trade authority to prove. The present Commissioner of Navigation, in his report for 1895, discussing the Postal Subsidy Act, under the terms of which four ships of the American line carry our transatlantic mails, says :

"The requirement that an increasing percentage of the crews of American transatlantic mail steamships shall be American citizens involves an annual expense for increased wages of about \$60,000 a year at the present time, at the end of five years amounting annually to about \$120,000, which must be paid by the contracting corporation. The officers and crews of the British mail steamers named, on the other hand, receive from the naval reserve funds about \$25,000 annually."

When United States Consul at Liverpool, Capt. Charles T. Russell, an appointee of President Cleveland, made a careful investigation of the subject of the cost of running ships under the several flags. His report, made in 1887 and published in 1888, contains statistics and tables. In that report this official, who was an experienced American shipmaster, summed up his researches in part as follows :

"Reference to these tables will show that the vessels of the United States pay the highest rate of wages, besides costing more for maintenance of crews than those of any other nation. This, of course, refers to voyages commencing in the United States; but even when they commence in foreign ports, that is, ship their crews and obtain their supplies at a foreign port, they then average higher rates than vessels of other nationalities as regards cost of maintenance. . . .

"British vessels in domestic ports can procure crews for from 37 per cent. to 32 per cent. lower than those paid on American vessels, which is a serious item in the disbursement account. Then, again, the cost of maintenance on American ships is about 40 cents per day per man, against the English 20 cents, or a difference of 27 per cent. in favor of the latter. When it is considered that provisions, such as beef, pork, and flour, which are the principal articles of food consumed, can be obtained in the United States, if anything, at a lower price than in England, it seems remarkable that the crews of our vessels should cost 27 per cent. more per man for maintenance, yet such appears to be the case. . . . The wages paid on vessels belonging

to Norway and Sweden, Russia, Germany, Denmark, Austria and Spain, average about 47 to 50 per cent. lower than those of United States vessels, and the cost of maintenance about 32 per cent. less, excepting those of Germany, which cost about 10 per cent. less only."

A large number of equally competent and reliable authorities might be cited to sustain the claim that it costs more to run American than foreign ships.

No better authority on American shipping lives than United States Senator Frye, of Maine, who has been its champion in Congress for a quarter of a century. Discussing the proposition of free ships, or the repeal of the prohibitive registry act of 1792, he said in a speech delivered in New York at the Jay Centennial banquet, in December last :

"To me it is entirely clear that free ships, advocated by men of ability and intelligence, especially by our industrious and capable Commissioner of Navigation, will afford no relief. Our freight ships of like tonnage and build cost only from 10 to 15 per cent. more than England's. Extend this excess over the life of a ship say thirty years, and it is a mere bagatelle. If we should buy to-day of Great Britain a hundred new freighters at 25 per cent. less than they cost, we could not run them in the foreign trade."

In that speech, the text for which was "Our Merchant Marine," Senator Frye said that "the disease we would cure is deadly; the remedy must be drastic." He further said :

"As history has conclusively proven, discriminating duties and taxes were once a lever powerful enough to lift our marine from the depths of adversity to the heights of prosperity. Might they not again? I know there are lions in the way; thirty-five treaties to be modified or abrogated; retaliation to be confronted; but there never yet was an advancing pathway without a lion. Pluck, courage, and will generally make him a lamb."

From these statements, citations, and facts, it ought to be clear that American shipping in the foreign trade, once the pride and glory of the nation, has been sadly neglected by our lawmakers for two-thirds of a century, a circumstance as disgraceful as it is impoverishing. If anything has been conclusively proved during these sixty-eight years of free trade in the carrying of our foreign commerce, it is that free trade is the cause, and by no means the remedy, for our condition. To offer to extend the malady, by withdrawing protection from our shipbuilders—but which protection, in the absence of protection to our shipowners, we have shown to be of little value either to shipbuilders or shipowners—would only be intensifying our national losses. It is clear that we cannot run ships as cheaply as our rivals, even when we build

them cheaper. To be able to buy them as cheaply as our rivals, therefore, cannot help our disease. We must be able to run our ships, not more cheaply than foreign ships, but in spite of the cheapness of foreign ships. There is no more reason why American seamen should be degraded to the lower level of wages and of food acceptable to foreign seamen, than that our workingmen in factories should be compelled to labor for the wages paid their rivals in other countries. We protect our industries on land against the levelling of foreign competition. Shall we do less for our industries on sea? Having shown that it is essential to a re-establishment of our shipping in the foreign trade that it should be protected in operation, how can we accept the proposition to withdraw protection from our shipbuilders? The demand for ships will follow adequate protection of shipowners, and then our own shipbuilders should have the preference in furnishing the ships, by similar protection, and not by withdrawing protection just at the time protection would be helpful, both to shipowners and shipbuilders.

During the past thirty years the best means by which to restore American ships to the foreign trade has been fitfully discussed, but never settled. The Republican party favored both a bounty and a subsidy bill, the latter, providing compensation for steamships carrying the mails, being the only one adopted, but it was so emasculated as to rob it of nearly all of its intended benefits. The consequence of this has been that, during the period of five years in which it has been in operation, it has had the effect of adding but four ships to our merchant marine in the foreign trade. During the same period, a fine line of American steamships, running to Brazil, has been abandoned and the ships sold at a great loss. The bounty bill, framed upon lines similar to those of the French bounty system, passed the Republican Senate, but was defeated in the Republican House of Representatives in the Fifty-first Congress, by a close vote. Since that time a free ship bill was introduced, favorably reported by a majority of a Democratic committee, and permitted to die upon the calendar without discussion. This year Senator Elkins, of West Virginia, has introduced a bill proposing to restore the old discriminating duties policy. The Republican party in its national platform this year approved of the discriminating duties policy by adopting the following plank,

thus making protection to our shipping in the foreign trade a national issue :

" We favor restoring the early American policy of discriminating duties for the upbuilding of our merchant marine and the protection of our shipping in the foreign carrying trade, so that American ships—the product of American labor employed in American shipyards, sailing under the Stars and Stripes and manned, officered, and owned by Americans—may regain the carrying of our foreign commerce."*

Senator-elect J. B. Foraker, of Ohio, Chairman of the Committee on Platform and Resolutions at the Republican National Convention, who urged the adoption of the plank quoted, at that time said :

" We pay nearly \$200,000,000 in gold annually to foreign shippers for freight transportation, every dollar of which we ought to pay at home and keep at home. This is enough of itself to cure all this money question."

The retention of two hundred millions of dollars in gold in the United States, now paid abroad to compensate foreigners for doing the carrying for us that we might far better do for ourselves, would, indeed, go a long way toward solving the money question, by diminishing the foreign demand which now bears so heavily upon us. And to spend such a sum annually among skilled American workmen would very materially aid in restoring the prosperity which we all at present so keenly feel the need of. The good to the nation, and the people, by affording employment for many thousands of men, and of largely diminishing the foreign demand for our gold, would be almost incalculable.

But if, as would appear to be the disposition of the American people, it is our intention to maintain inviolate the soil of this hemisphere against foreign seizure or occupation, it can only be done by having the means afloat with which to enforce our demands. At this time we neither have a navy sufficient to sustain us in maintaining this position, nor a merchant marine from

* Major McKinley, in his letter accepting the Republican nomination for the presidency, referring to his party' shipping plank, says:

" The declaration of the Republican platform in favor of the upbuilding of our merchant marine has my hearty approval. The policy of discriminating duties in favor of our shipping, which prevailed in the early years of our history, should be again promptly adopted by Congress and vigorously supported until our prestige and supremacy on the seas is fully attained.

" We should no longer contribute directly or indirectly to the maintenance of the colossal marine of foreign countries, but provide an efficient and complete marine of our own. Now that the American navy is assuming a position commensurate with our importance as a nation, a policy I am glad to observe the Republican platform strongly endorses, we must supplement it with a merchant marine that will give us the advantage in both our coastwise and foreign trade that we ought naturally and properly to enjoy. It should be at once a matter of public policy and national pride to repossess this immense and prosperous trade."

which to recruit our navy, either as to ships or men. No nation has ever maintained an efficient navy without, at the same time, possessing a merchant shipping adequate to its commercial needs. And a merchant shipping capable of accommodating the commerce of this nation would strengthen us where we are so fearfully weak, as well as provide a permanent and reliable reserve from which we could at any time strengthen and fortify our navy. These are possessions the value of which has been fully shown to us in the effective assistance of our ships and our seamen in the wars of 1812 and 1861. Similarly assailed now, from whence should we be able to draw the strength, the men, and the equipment needed for our defence? President Cleveland's Venezuelan message last December, and the momentous consequences which it so fearlessly invited, at least should admonish us of our one great national danger, where exists, unfortunately, our one great national weakness. Speaking of a merchant marine of our own, as long ago as 1793, Thomas Jefferson conclusively said:

"As a branch of industry it is valuable, but as a resource of defence essential."

The materials necessary for the construction of ships are to be found in vast and easily accessible quantities upon our own soil. In these possessions no nation can compare with us. Our record-breaking transatlantic liners attest the skill of our builders to construct the finest ships for commercial needs, and our warships are conceded to be the equal, class for class, of any afloat. Secretary Herbert said a little more than three years ago, while Chairman of the House Committee on Naval Affairs, that the cost of building our war vessels had been reduced 33 per cent. in ten years, because of the rigid requirement that everything in their construction should be of American make. And more recently he has said that the present cost of building warships in the United States is about the same as the foreign cost of such constructions. With a demand for American commercial ships, sufficient for all of the commercial needs of this nation, we would undoubtedly witness a reduction in the cost of construction, and an advance in the design and finish, that would place us again ahead of other nations, and ultimately we might become not alone the builders of the ships for our own needs, but also the world's shipbuilders.

ALEX. R. SMITH.